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THE

Market Administrator's BULLETIN

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MILK PRICES UP IN EARLY 1968

The Dairy Situation, Economic Research Service USDA, March, 1968

Average prices farmers received for milk exceeded year-earlier levels in January and February, after running slightly below from August to November of 1967. Higher prices were due primarily to premiums producer organizations negotiated above the Class I minimum price levels. Prices dealers paid for milk in bottling for October-January averaged \$6.32 per 100 pounds, up 2 percent from a year earlier, and in early February were \$6.33, up 3 percent.

Higher prices for Class I milk brought the February price farmers received for milk eligible for the fluid market to an average \$5.66 per 100 pounds, up 17 cents from a year earlier. On the other hand, the manufacturing grade milk price was \$4.11, about the same as a year earlier. The weighted average of these prices—the price received for all milk—was \$5.21 per 100 pounds, up 15 cents from a year earlier.

The present support level—\$4.00 per 100 pounds for manufacturing grade milk of average test—was at 84 percent of parity in February, compared with 89.5 percent when the \$4.00 support was established.

Before April 1 of this year, USDA must announce the support level for the 1968-69 marketing year. The prices of butterfat (in farm-separa-

ted cream) is supported at 68 cents per pound, 79 percent of parity in February.

Assuming no change in the price support level and continuation of present Federal order Class I prices, the average price farmers receive in the second quarter likely will be close to the year-earlier level. The major reason for the expected small price change from a year earlier during the second quarter is the persistent excess supply of dairy products. This excess is expected to hold manufacturing grade milk prices close to the support level through June. Although imports and production were lower, commercial disappearance also has been low and CCC purchases in January and February were substantial. Hence, manufacturing grade milk prices have remained in about the same relationship to the support level as they were in most of 1967—about 7-8 cents higher. Seasonally increasing supplies of milk in fluid markets and therefore decreasing proportions of milk deliveries used in bottling are expected to lower blend prices in fluid milk markets in the second quarter of 1968. Together with seasonally lower milkfat content of milk, this will cause average prices farmers receive for all milk to be

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Feed Concentrate Supplies Up 5 Percent

The Feed Situation, Economic Research Service, USDA, February, 1968

The total supply to feed grains and other concentrates for 1967-68 is estimated at 248 million tons, 5 percent larger than a year earlier and about the same as the 1961-65 average. The total tonnage fed in October-December was nearly equal to the very heavy feeding in that quarter a year earlier. The more favorable livestock-feed price ratios and high moisture corn are expected to result in continued heavy feeding per animal unit during the current feeding year—probably 4 or 5 percent higher than in 1966-67. The number of grain-consuming animal units to be fed in 1967-68 is now expected to be about the same as the 180 million in 1966-67—about 5 percent above the 1961-65 average. Total consumption of all concentrates for 1967-68 is now expected to be about 6 million tons above the 161 million tons fed in the 2 preceding years.

Because of the bumper corn crop and the relatively smaller supplies of other feed grains, heavier corn feeding is expected to account for all of the increase in the total tonnage of concentrates fed this year as compared with last. The decline in prices since last summer has resulted in relatively low corn prices this fall and

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	\$5.34	\$5.38	\$5.44
Class I (3.5%)	5.78	5.78	5.89
Class II (3.5%)	3.91	3.91	3.91
Producer Butterfat Differential for each one-tenth percent	9.2¢	9.2¢	9.4¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	80.7	82.7	81.4
Percent of Producer Butterfat in Class I	70.2	71.5	72.9
Percent of Producer Milk in Class II	19.3	17.3	18.6
Percent of Producer Butterfat in Class II	29.8	28.5	27.1

PRODUCER MILK RECEIPTS

Total Pounds Producer Milk Delivered	44,796,381	47,083,651	42,469,579
Average Daily Class I Producer Milk	1,254,338	1,270,563	1,250,580
Total Number of Producers	1,646	1,652	1,549
Average Daily Receipts per Producer	938	919	979
Average Butterfat Test	3.92	3.96	387
Total Value of Producer Milk at Test	\$2,562,552	\$2,729,441	\$2,463,206
Income per Producer (7 Day Average)	\$375	\$373	\$397

GROSS CLASS USE (Pounds)

Class I Skim	34,909,259	37,618,282	33,369,820
Class I Butterfat	1,232,028	1,335,726	1,198,995
Class I Milk	36,141,287	38,954,008	34,568,815
Class II Skim	8,131,429	7,598,502	7,454,229
Class II Butterfat	523,665	531,141	446,535
Class II Milk	8,655,094	8,129,643	7,900,764

AVERAGE DAILY SALES (Quarts)

Milk	416,616	422,311	433,211
Buttermilk	5,038	5,002	5,635
Chocolate	33,390	30,676	31,587
Skim	12,499	11,768	6,938
Cream	6,584	6,253	12,612

Feb. 1968	Jan. 1968	February 1967
\$5.34	\$5.38	\$5.44
5.78	5.78	5.89
3.91	3.91	3.91
9.2¢	9.2¢	9.4¢
80.7	82.7	81.4
70.2	71.5	72.9
19.3	17.3	18.6
29.8	28.5	27.1
44,796,381	47,083,651	42,469,579
1,254,338	1,270,563	1,250,580
1,646	1,652	1,549
938	919	979
3.92	3.96	387
\$2,562,552	\$2,729,441	\$2,463,206
\$375	\$373	\$397
34,909,259	37,618,282	33,369,820
1,232,028	1,335,726	1,198,995
36,141,287	38,954,008	34,568,815
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523,665	531,141	446,535
8,655,094	8,129,643	7,900,764
416,616	422,311	433,211
5,038	5,002	5,635
33,390	30,676	31,587
12,499	11,768	6,938
6,584	6,253	12,612

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



FEB., 1959 - '68

Year	Receipts From Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class Prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1959	21,909,063	3.85	86.4	10.7	3.1	3.4	4.34	4.44	4.04	3.94	2.869	1,689	463
1960	27,057,916	3.93	80.9	7.2	2.2	9.7	4.28	4.508	4.108	3.742	2.993	1,703	548
1961	27,302,402	3.87	78.4	7.9	1.5	12.2	4.44	4.715	4.315	3.842	3.095	1,482	658
1962	30,576,654	3.93	77.5	6.8	2.0	13.7	4.28	4.516	4.116	3.887	3.261	1,326	824
1963	34,477,158	3.94	79.0	6.8	2.7	11.5	4.03	4.21	3.801	3.652	3.052	1,385	889
1964	38,937,438	3.86	74.8	8.5	1.9	14.8	4.11	4.38	3.941	3.711	3.077	1,352	993
1965	42,549,333	3.87	79.8	20.2	—	—	4.42	4.78	3.130	—	—	1,670	910
1966	41,815,504	3.87	83.0	17.0	—	—	4.76	5.10	3.320	—	—	1,593	938
1967	42,469,579	3.87	81.4	18.6	—	—	5.44	5.89	3.91	—	—	1,549	979
1968	44,796,381	3.92	80.7	19.3	—	—	5.34	5.78	3.91	—	—	1,646	938

Formulated Food Improves Nutrition In Developing Countries

The Feed Situation, Economic Research Service, USDA, February, 1968

There can be a big difference between filling empty stomachs and providing adequate nutrition. And concern for this difference, explain U.S. Department of Agriculture scientists, is behind the shipment of nearly 400 million pounds of a multi-purpose food blend from the United States to more than 90 developing countries.

The formulated food is called CSM, representing the three main ingredients—corn, soybeans, and milk.

CSM was developed to meet an urgent need for a food that is inexpensive, is rich in proteins, stores well, and may be easily prepared in a variety of ways. It can supplement the diet of any poorly nourished person, but especially weaned infants and pre-school children.

Scientists in USDA's Agricultural Research Service, cooperating with the Agency for International Development and the National Institutes of Health, developed the CSM formula. A blended food high in the proteins so desperately needed in the developing countries, CSM is manufactured by commercial millers and is purchased by USDA for distribution abroad by AID and voluntary groups.

It consists of processed cornmeal (68 percent), soybean flour (25 percent), nonfat dry milk (5 percent),

and minerals and vitamins (2 percent). The cost is approximately 7.5 cents per pound packaged and delivered to ocean ports.

Three and one-half ounces of this blend, when made into a gruel or porridge, will supply a child with one-third to one-half or more of the necessary daily nutrients, except for ascorbic acid. These nutrients are particularly important during a period in his life when lack of proper food can irreversibly harm both body and mind. (Officials estimate that the death rate for children under 5 years of age is about 40 times higher for children in undernourished families than for children who are well fed. Those undernourished children who survive face an average life span of 30 years with a lowered capacity to learn and without the energy to help themselves.) When children are reached in time they respond rapidly to the improved diet.

USDA has not stopped with development of the CSM formula. Scientists from the Department's Consumer and Marketing Service check each shipment to be sure the product meets specifications covering protein and fat content as well as texture, and cooked consistency checks are also made to see that the odor and flavor are satisfactory. ARS food specialists prepare and test samples

of soups, beverages, gruels, and porridges for flavor and other characteristics which combine to make the blend acceptable. Experience shows that even hungry people will not eat a food if the taste, appearance, texture, or odor offends them—and each country has its own standards. Food habits are hard to change, often reflecting centuries-old religious and social beliefs and superstitions.

Besides developing the formula for CSM and the specifications for the product, ARS scientist have conducted research on different methods for precooking corn-meal, the major ingredient. This research as contributed to increased production, thereby making the product more available to the government. The revised specifications assure uniformity regardless of the production method used.

Efforts to develop new uses for CSM are continuing, as are experiments designed to further perfect the formula. Further research is also devoted to composition of the blend (fat content, non-fat dry milk, and inclusion of sucrose or dextrose) as it relates to moisture content and temperature. Both are very important to "keeping quality" of the product during storage and distribution, and to flavor and texture when it is consumed.

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BULLETIN

Administrative

Market

THE

MILK PRICES UP . . .

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lower in the second quarter of this year than in the first quarter.

Prices for Class I milk in most Federal order markets have been based on a minimum basic formula price of \$4.05 per 100 pounds (when the Minnesota-Wisconsin manufacturing milk price is lower) plus a temporary 20-cent increase in the Class I differential. In those few markets using economic formulas, comparable actions were taken. These temporary increases apply through April of this year. The level of Class I prices after April, therefore, will be affected by Federal milk marketing order actions. A hearing was held on February 23 to consider proposals for the extension of these temporary pricing provisions. Testimony given at this hearing will be used by the Department in arriving at a decision.

FEED CONCENTRATE SUPPLIES

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winter in relation to wheat. This reduced wheat feeding this winter; however, wheat feeding for the entire feeding year may remain somewhere near the high level of the past 3 feeding years, when around 100 to 120 million bushels have been fed annually. Some increase is in prospect in the quantity of soybean meal fed, but this will be largely offset by some further reduction in the tonnage of cottonseed meal available for livestock feeding.

Market Quotations

FEBRUARY

1968

MINNESOTA-WISCONSIN PRICE SERIES	\$4.00
Butter-nonfat dry milk price, 3.5% per cwt. (Columbus)	3.91
Average Price per lb. 92-score butter at Chicago	.6644
Average carlot prices, spray process nonfat dry milk, f.o.b. Chicago area manufacturing plants.	.1946

Milk Output Declines In Early 1968

The Dairy Situation, Economic Research Service USDA, March, 1968

Milk Production was 9.6 billion pounds in January, 2.4 percent below a year earlier, and 5.8 percent under the 5-year January average. After running slightly above a year earlier in January and February 1967, milk production ran below year-earlier levels during the rest of the year, with a 1.4 percent decline in the fourth quarter.

January production was down in all regions except in the Southeast and Southern Plains States, dropping as much as 4 percent in the Northeast and 5 percent in the Corn Belt.

Slowing gains in output per cow from above-average rates of a year earlier did not offset the decline in cow numbers. Output per cow was 724 pounds in January—up only 1 percent from a year earlier, compared with the 5.8 percent rise in January 1967. Gains from a year earlier started to slow in the fall of 1967, and averaged only about 2.2 percent in the fourth quarter.

Reports of poor quality forage in much of the Northeast and Midwest dairy areas suggest that this has

been largely responsible for below-average gains in output per cow. Although the hay crop in these areas was larger than a year earlier, wet weather during the harvest season reduced the feeding quality of hay and resulted in high-moisture silage.

Although dairy farmers were feeding milk cows more grain and concentrates, the increase was below average and apparently was not offsetting the lower-quality roughage. Grain and other concentrates fed milk cows in reporters' herds averaged 10.9 pounds on February 1. Although this was up 2.8 percent from a year earlier, it fell short of the 4 percent rise from a year earlier during 1967 and gains averaging about 6 percent annually since 1960.

Poor roughage quality may continue to limit gains in output per cow, at least through the winter feeding season. Consequently, milk production likely will continue under year-earlier levels through the first half of 1968, and for the entire year is expected to total lower than in 1967.